

8

Instr: 201102150006180 02/15/2011  
P: 1 of 8 F: \$76.00  
Rick Campbell 9:15AM LEAS  
Stark County Recorder T20110004726

## OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 6 day of February,  
2011 by and between Ulrich Jedel (single) & Monica M Tomlinson  
(single) P.O Box 65  
Paris, Ohio 44669; Phone [REDACTED]

hereinafter called the Lessor, and **D&L Energy, Inc., 2761 Salt Springs Rd.,  
Youngstown, Ohio 44509**, hereinafter called the Lessee,

### WITNESSETH:

1. That the Lessor, for and in consideration of one dollar (\$1.00) and other valuable consideration in hand paid by the Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto the Lessee, for the purpose of drilling, operation for, producing and removing oil and gas and all the constituents thereof, and of injecting air, gas, brine and other substances from any source and into any subsurface strata, other than potable water strata and workable coal strata, (including but not limited to the right to inject any wells on the leasehold property and to otherwise conduct all such secondary or tertiary operations as may be required in the opinion of the Lessee,) and to transport by pipelines or otherwise across and through said lands oil, gas and their constituents from the subject and other lands, regardless of the source of such gas or the location of the wells, which right to transport gas from other lands across the leasehold premises shall survive the term of this lease for so long as the transportation of such gas may be desired by the Lessee, and of placing of tanks, equipment, roads and structures thereon to procure and operate for the said products, together with the right to enter into and upon the leased premises at all time for the aforesaid purposes, being all that certain tract of land situated in Paris

City/Township, Stark County, Commonwealth/State of Ohio.

being District, Map, Parcel:, 4105808, 4105225

containing 35.24 acres, more or less and bounded now or formerly by lands of:

North by lands of: Tomlinson / Betz East by lands of: Crum / Palmer

South by lands of: St Rt 172 / Crum West by lands of: Tomlinson

Sec: 11 Tn: 17 Rng: 6

2. This lease shall continue in force and the rights granted hereunder be quietly enjoyed by the Lessee for a term of **THREE (3) MONTHS** and so much longer thereafter as oil or gas or their constituents are produced or are capable of being produced on the premises in paying quantities, in the judgment of the Lessee, or as the premises shall be operated by the Lessee in the search for oil and gas and as provided in Paragraph 7 following.

~~3. This lease, however, shall become null and void and all rights of either party hereunder shall cease and terminate unless, within 12 months from the date hereof, a well shall be commenced on the premises, or unless the Lessee shall thereafter pay a delay rental of \$1.00 Dollars each year, payments to be made annually until the commencement of a well. A well shall be deemed commenced when preparations for drilling have been commenced. This lease shall not terminate for nonpayment of delay rentals unless the Lessor first gives Lessee thirty (30) days written notice by certified mail of such nonpayment, and Lessee fails to tender such payment to Lessor within said thirty (30) day period.~~

*[Signature]*  
*WEL*

LEASE # 1503935

## OIL AND GAS LEASE – page 2

4. In consideration of the premises the Lessee covenants and agrees:

(A) To deliver to the credit of the Lessor in tanks or pipelines, as royalty, free of cost, the equal one-eighth (1/8) part of all oil produced and saved from the premises, or at Lessee's option to pay Lessor the market price for such one-eighth (1/8) royalty oil at the published rate for oil of like grade and gravity prevailing on the date such oil is run into tanks or pipelines.

(B) To pay to the Lessor, as royalty for the gas marketed and used off the premises and produced from each well drilled thereon, the sum of one-eighth (1/8) of the price paid to Lessee per thousand cubic feet of such gas so marketed and used, measured in accordance with Boyle's Law for the measurement of gas at varying pressures, on the basis of 10 ounces above 14.73 pounds atmospheric pressure, at a standard base temperature of 60° Fahrenheit and stipulated flowing temperature of 60° Fahrenheit, without allowance for temperature and barometric variations less any charges for transportation or compression paid by Lessee to deliver the gas for sale. Payment or royalty for gas marketed during any calendar month to be on or about the 30th day after receipt of such funds by the Lessee.

(C) Lessee to deduct from payments in (A) and (B) above from receipts of proceeds by Lessee, Lessor's prorata share of any tax imposed by any government body.

5. All money due under this lease shall be paid or tendered to the Lessor by check made payable to the order of and mailed to **Same as above** at **Same as above** and the said named person shall continue as Lessor's agent to receive any and all sums payable under this lease regardless of changes in ownership in the premises, or in the oil or gas or their constituents, or in the rentals or royalties accruing hereunder until delivery to the Lessee of notice of change of ownership as hereinafter provided.

6. In the event a well drilled hereunder is a dry hole and is plugged according to law, this lease shall become null and void and all rights of either party hereunder shall cease and terminate, unless within (12) months from the date of the completion of the plugging of such well, the Lessee shall commence another well, or unless the Lessee after the termination of said twelve month period resumes the payment of delay rental as hereinabove provided.

7. In the event a well drilled hereunder is a producing well and the Lessee is unable to market the production therefrom, or should production cease from a producing well drilled on the premises, or should the Lessee desire to shut in producing wells, the Lessee agrees to pay the Lessor, commencing on the date one year from the completion of such producing well or the cessation of production, or the shutting in of producing wells, an advance royalty in the amount and under the terms hereinabove provided for delay rental until production is marketed and sold off the premises or such well is plugged and abandoned according to law. In the event no delay rentals are stated, the advance royalty payable hereunder shall be made on the basis of \$10.00 per acre per year.

8. The consideration, land rentals or royalties paid and to be paid, as herein provided, are and will be accepted by the Lessor as adequate and full consideration for all the rights herein granted to the Lessee, and the further right of drilling or not drilling on the leased premises, whether to offset producing wells on adjacent or adjoining lands or otherwise, as the Lessee may elect.

9. The Lessor hereby grants to the Lessee the right at any time to consolidate the leased premises or any part thereof or strata therein with other lands to form an oil and gas development unit of not more than **45 acres**, or such larger unit as may be required by state law or regulation for the purpose of drilling a well thereon, but the Lessee shall in no event be required to drill more than one well on such unit. Any well drilled on said development unit whether or not located on the leased premises, shall nevertheless be deemed to be located upon the leased premises within the meaning and for the provisions and covenants of this lease to the same effect as if all the lands comprising said unit were described in and subject to this lease; provided, however, that only the owner of the lands on which such well is located may take gas for use in one dwelling house on such owner's lands in accordance with the provisions of this lease, and provided further that the Lessor agrees to accept, in lieu of the one-eighth (1/8) oil and gas royalty hereinbefore provided, that proportion of such one-eighth (1/8) royalty which the acreage consolidated bears to the total number of acres comprising said development unit. The Lessee shall effect such consolidation by executing a declaration of consolidation with the same formality as this oil and gas lease setting forth the leases or portions thereof consolidated, the royalty distribution and recording the same in the recorder's office at the courthouse in the county in which the leased premises are located and by mailing a copy thereof to the Lessor at the address hereinabove set forth unless the Lessee is furnished with another address. If the well on said development unit shall thereafter be shut in, the well rental or shut-in royalty hereinbefore provided for such use shall be payable to the owners of the parcels of land comprising said unit in the proportion that the acreage of each parcel bears to the entire acreage consolidated. Lessee shall have the right to amend, alter or correct any such consolidation at any time in the same manner as herein provided.

**OIL AND GAS LEASE – page 3**

10. In case the Lessor owns a less interest in the above described premises than the entire and undivided fee simple therein, then the royalties and rentals herein provided for shall be paid to the Lessor only in the proportion which such interest bears to the whole and undivided fee. If said land is owned by two or more parties, or the ownership of any interest therein should hereafter be transferred by sale, devise or operation of law, said land, nevertheless, may be held, developed and operated as an entirety, and the rentals and royalties shall be divided among and paid to such several owners in the proportion that the acreage owned by each such owner bears to the entire leased acreage.

11. No change of ownership in the leased premises or in the rentals or royalties hereunder shall be binding on the Lessee until after notice to the Lessee by delivery of notice in writing duly signed by the parties to the instrument of conveyance or assignment and delivery of a duly certified copy thereof to the Lessee.

12. The Lessee shall have the right to assign and transfer the within lease in whole or in part, and Lessor waives notice of any assignment or transfer of the within lease. Failure of payment of rental or royalty on any part of this lease shall not void this lease as to any other part. Lessor agrees that when and if the within lease is assigned; the Lessee herein shall have no further obligations hereunder. The Lessor further grants to the Lessee, for the protection of the Lessee's interest hereunder, the right to pay and satisfy and claim or lien against the Lessor's interest in the premises as herein leased and thereupon to become subrogated to the rights of such claimant or lien holder, and the right to direct payment of all rentals and royalties to apply on the payment of any existing liens on the premises.

13. The Lessee shall bury, when so requested by the Lessor, all pipelines used to conduct oil and gas to, on, through and off the premises and pay all damages to growing crops caused by operations under this lease. Lessee agrees to restore the premises in accordance with state laws. Any damages if not mutually agreed upon, to be ascertained and determined by three disinterested persons, one thereof to be appointed by the Lessor, one by the Lessee, and the third by the two so appointed, and the award of such three persons shall be final and conclusive and binding on all parties. Each party shall pay the cost of their appraiser and shall share the cost of the third appraiser. Arbitration shall be mandatory.

14. The Lessee shall have the privilege of using sufficient oil, gas and water for operating on the premises and the right at any time during or after the expiration of this lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the premises. The Lessee shall have the right to surrender this lease or any portion thereof by written notice to the Lessor describing the portion which it elects to surrender, or by returning the lease to the Lessor with the endorsement of surrender thereof, or by recording the surrender or partial surrender of this lease any of which shall be a full and legal surrender of this lease as to all of the premises or such portion thereof as the surrender shall indicate and a cancellation of all liabilities under the same of each and all parties hereto relating in any way to the portion of all the premises indicated on said surrender, and the land rental hereinbefore set forth shall be reduced in proportion to the acreage surrendered.

15. In the event the Lessee is unable to perform any of the acts to be performed by the Lessee by reason of force majeure, including but not limited to acts of God, strikes, riots, and governmental restrictions including but not limited to restrictions on the use of roads, this lease shall nevertheless remain in full force and effect until the Lessee can perform said act or acts and in no event shall the within lease expire for a period of ninety days after the termination of any force majeure.

16. In the event Lessor considers that Lessee has not complied with any of its obligations hereunder either express or implied. Lessor shall notify Lessee in writing setting out specifically in what respects Lessee has breached this contract. Lessee shall then have thirty (30) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of thirty (30) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any part of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder.

17. In consideration of the acceptance of this lease by the Lessee, the Lessor agrees for himself and his heirs, successors and assigns that no other lease for the minerals covered by this lease shall be granted by the Lessor during the term of this lease or any extension or renewal thereof granted to the Lessee herein.

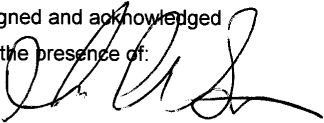
OIL AND GAS LEASE – page 4

18. All covenants and conditions between the parties hereto shall extend to their heirs, personal representatives, successors and assigns, and the Lessor hereby warrants and agrees to defend the title to the lands herein described. It is mutually agreed that this instrument contains and expresses all of the agreements and understandings of the parties in regard to the subject matter thereof, and no implied covenant, agreement or obligation shall be read into this agreement or imposed upon the parties or either of them. Lessor further agrees to sign such additional documents as may be reasonably requested by Lessee to perfect Lessee's title to the oil and gas leased herein and such other documents relating to the sale of production as may be required by Lessee or others.

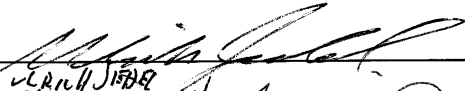
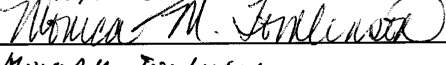
SEE ADDENDUM ATTACHED HERETO:

IN WITNESS WHEREOF the Lessors have hereunto set their hand(s),

Signed and acknowledged  
in the presence of:

  
\_\_\_\_\_  
\_\_\_\_\_

Signature(s) of Lessor

  
Ulrich Jedel  
  
Monica M. Tomlinson  
Monica H. Tomlinson

STATE/Commonwealth of Ohio \_\_\_\_\_

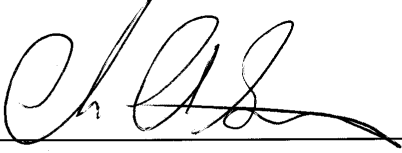
COUNTY OF Stark \_\_\_\_\_

:SS: INDIVIDUAL

Before me a Notary Public in and for said county and state personally appeared the above named  
Ulrich Jedel (single) & Monica M. Tomlinson (single)  
\_\_\_\_\_  
\_\_\_\_\_

who acknowledged to me that he/she/they did execute the foregoing instrument and that the same is his/hers/their free act and deed for the purpose therein set forth.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal this 6 day  
of February, 2011.

  
\_\_\_\_\_  
Notary Public

This instrument prepared by:  
D&L Energy, Inc.  
2761 Salt Springs Road  
Youngstown, OH 44509

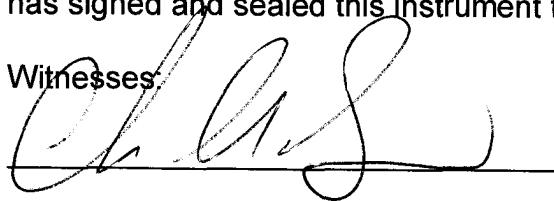


Christopher A. Scenna  
My Commission Expires  
July 18, 2015


Instr: 201102150006180  
P: 5 of 8 F: \$76.00 02/15/2011  
Rick Campbell 9:15AM LEAS  
Stark County Recorder T20110004726

In Witness Whereof, the undersigned Susan A. Faith, President of D&L Energy, Inc. has signed and sealed this instrument this 4 day of February, 2011.

Witnesses:



D&L Energy, Inc.

  
Susan A. Faith  
President

STATE OF OHIO :  
:SS:  
COUNTY OF MAHONING :

CORPORATE

Before me a Notary public in and for said County and State personally appeared the above named Susan A. Faith, the President of D&L Energy, Inc., who acknowledged to me that she did execute the forgoing instrument for and on behalf of said corporation, pursuant to authority so duly conferred on her by the Board of Directors of said corporation, and that the same is the free act and deed of said corporation as such officer, for the use and purpose therein set forth.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal at Youngstown, Ohio this 4 day of February, 2011.

  
Notary Public



Christopher A. Scenna  
My Commission Expires  
July 19, 2015

This document has been prepared by; mail to:  
D&L Energy, Inc.  
2761 Salt Springs Rd.  
Youngstown, OH 4450

## **LESSOR'S ADDENDUM TO OIL AND GAS LEASE**

1. **Priority.** This addendum is intended to modify the terms of the preceding lease. In the interpretation of the foregoing printed lease, the language of this addendum and the interlineations on the printed form shall prevail over the language of the printed form.
2. **Restoration.** Lessee shall restore the leased premises to as nearly as possible original condition within ninety (90) days after well completion, weather permitting. "Original condition" shall include, but not be limited to re-seeding any areas that were kept in grass or pasture and re-grading to original contours. In the event that Lessee is required to remove trees as part of the drilling process, such trees shall either be hauled away, cut into firewood (if requested by Lessor) or chipped, with any stumps to be buried or cut to ground level. Lessee is not permitted to merely stack trees in piles. In the event that Lessee intends to conduct operations in an area where commercial timber or crops exist, Lessee shall give reasonable advance notice of such fact to allow Lessor to have such trees or crops harvested prior to drilling.
3. **Road/Pipeline Locations.** Lessor shall approve the location of all well equipment, pipelines and roads, in writing. Such approval shall not be unreasonably withheld or delayed. No compressor shall be set on Lessor's property, nor shall any buildings be located thereon. All pump-jacks shall use an electric motor, where electric is reasonably available. All pipelines shall be buried below plow depth (at least 36 inches deep.)
4. **Well Location.** Additionally, Lessor shall approve in writing the location of all wells drilled on the subject premises, which consent shall not be unreasonably withheld or delayed. It is agreed and understood that Lessee may desire to drill into a specific geologic structure or may wish to maintain spacing from existing wells and its opinion and testing in this regard shall be strongly considered when determining whether Lessor's consent is unreasonable. Notwithstanding the foregoing, no well may be drilled within two hundred (200) feet of any occupied building on the leased premises.
5. **Lease Purposes.** Lessee shall engage in no other activity on the leased premises except that directly related to the drilling and production of hydrocarbons through the well bore. No well or reservoir shall be used for brine or other liquid disposal or for the storage of hydrocarbons.
6. **Option to Purchase Well.** Lessor may purchase any well located upon the leased premises and such well equipment necessary to operate the same at fair market salvage value, less estimated plugging costs, when any well has ceased to produce in paying quantities in the judgment of the Lessee. Lessor shall have thirty (30) days, after receiving written notice, to exercise its option to purchase. Should Lessor purchase any well or wells, it shall assume the responsibility of eventually plugging the same and shall execute such documents to this end as the State may require to effect proper well transfer.
7. **Use of Gas by Lessor.** Lessor shall have the right to take free gas directly from the well casing from any well which is located upon the leased premises. Should a well be shut in other than for normal servicing of the well, Lessor shall be able to continue to take free gas. If Lessee desires to meter Lessor's free gas usage, any costs associated with the installation and maintenance of any metering equipment shall be paid by Lessee. Lessor shall have the unrestricted right to use 300,000 cubic feet of gas annually, free of charge, for one dwelling and its associated outbuildings. In the event that Lessor exceeds its free gas allotment, the price to be paid by Lessor for such excess gas shall be the same price described in the first sentence of paragraph 12, of this addendum. Should the leased premises be sub-divided after execution of this lease, the party entitled to received free gas under the lease shall be: (1) where a dwelling has already been hooked up for free gas prior to such sub-division, said dwelling shall continue to receive free gas allotment during the term of this lease and the dwelling's owner shall have the right to access any well located upon the leased premises for such purpose; (2) where no dwelling has been hooked up for free gas prior to such subdivision, the owner of any dwelling located upon the leased premises who first gives written notice to the Lessee of their intent to take free gas shall have the right to take free gas and the further right to access any well located upon the leased premises for such purpose. The owners of the sub-divided lands shall be subject to pipeline rights of way for the purposes stated above.

8. **Damage to Water Wells.** Lessee shall not pollute, and shall be responsible for injury caused by it to the potable water strata under Lessor's premises, including water presently taken from any existing well. In the event that Lessee's operations should damage Lessor's (or any tenant of Lessor's) water supply, Lessee shall drill Lessor a water well to a depth providing water of a quality and quantity equivalent to that existing before drilling operations. Prior to the drilling of any oil and gas well, Lessee shall have Lessor's water supply tested and shall furnish the results to Lessor. After drilling is completed, upon the request of the Lessor, Lessee shall perform another such test at its cost. Any right of Lessee to use water available upon the leased premises shall be subordinate to Lessor's right to use such water for household use.

9. **Assignment of Lease.** In the event that Lessee would assign its rights to manage or operate this lease, Lessee shall nevertheless be bound by its obligations under the lease until such time as Lessor has received written notice of said assignment and written confirmation from the assignee that it accepts responsibility for the Lessee's obligations under the lease.

10. **Unitization.** There shall be no combination or unitization of Lessor's lands with any other lands to form a drilling unit unless such drilling unit is less than 45 acres. Further, if the subject lands are to be unitized then all of the subject lands must be unitized into the same drilling unit.

11. **Royalty Calculation.** In calculation of Lessor's royalties, the royalty to be paid for gas or oil shall be based upon the arm's length proceeds actually received by Lessee from its purchaser of gas or oil at the point of sale. No deduction may be made therefrom for transportation, compression or any other purpose. Lessor is entitled, upon request, to receive verification of Lessee's gas and oil prices received, but may not make such request more frequently than annually. Royalties shall be paid promptly to Lessor - no later than thirty (30) days after receipt of payment by Lessee from the oil/gas purchaser.

12. **Use of Drives.** In the event Lessee needs to access the subject premises via any driveway built by Lessor, Lessee agrees that, during drilling operations, it will keep said driveway open and reasonably maintained for Lessor's use. Upon completion of drilling operations, Lessee shall restore the drive to the condition which existed prior to drilling operations. Thereafter, any ruts or adverse conditions that are caused by Lessee's continued use of such driveway shall be repaired by Lessee.

13. **Lease Expiration Obligations.** Upon the expiration, abandonment, surrender or forfeiture of this lease, Lessee shall be obligated to: plug any wells drilled on the subject premises in accordance with law; remove any and all equipment located on the subject premises; and restore the premises to as nearly as possible original condition; all to be completed within ninety (90) days of Lessor's written request, weather permitting. Upon Lessor's request, Lessee shall file a release of lease with the County Recorder's office.

14. **Lease Term.** Unless a shorter term is set out in the preceding lease from, the primary term of this lease shall be for a period of eighteen (18) months. The secondary term of this lease shall be such period of time, after the primary term, that oil or gas are being produced from the subject lands, or from a drilling unit which incorporates such lands, in paying quantities. Upon expiration of the term of this lease, any right of Lessee to transport oil or gas via pipelines located on Lessor's property shall not cease. Any right of first refusal contained in the foregoing lease form which would apply to Lessor's right to execute a "top lease" and any right to extend or renew the primary term of the lease shall be void.

15. **Damage to Leased Premises.** In the event that Lessee's activities on the subject lands cause damage to such lands or any buildings, improvements, crops or timber located thereon, Lessor shall be entitled to: (1) for crops or timber, the harvested value of the crops or timber lost; (2) for damage or destruction of the land or improvements thereon, the reasonable estimated cost to repair such damage or to replace any improvement where it has been destroyed.

16. **Hold Harmless.** Lessee shall be solely responsible for all drilling and related activities conducted under this lease. In the event that any claim or action is brought by any third party for injuries or damages which allegedly were caused by the preparation for, or the drilling or operation of, any well or related equipment, Lessee agrees to indemnify, save and defend Lessor and Lessor's assigns or successors from any such claim or action.

Instr: 201102150006180 02/15/2011  
P: 8 of 8 F: \$76.00 9:15AM LEAS  
Rick Campbell  
Stark County Recorder T20110004726

17. **Shut In Wells.** Any provision in the preceding lease which permits Lessee to pay a shut-in royalty or to otherwise suspend production of hydrocarbons from the subject lands, shall not apply nor shall it extend the lease term unless wells have been shut-in or production suspended for any reason beyond Lessee's reasonable control.

18. **Use of Lessor's Water.** Lessee is prohibited from using water located upon or under Lessor's property unless written consent is given by Lessor.

19. **Warranty of Title.** Lessor makes no warranty of title of the interests conveyed hereunder, and it shall be Lessee's responsibility to satisfy itself in that regard prior to its acceptance and recordation of this agreement or any memorandum thereof.


20. **Limited Formations.** This lease is intended to convey only the right to drill and produce from the Clinton sandstone formation or any formation existing above the Clinton sandstone. Lessor reserves all rights to any deeper formations.

21. **Spud Fee.** Lessee agrees to pay Lessor the sum of Ten Thousand (\$10,000.00) dollars as a spud fee for each well drilled, five (5) days prior to drilling.

22. **Tank Battery Area.** Lessee agrees to make the northern side of the tank batteries suitable for the Lessor to plant shrubs and/or evergreens.

23. **Pump Jack Station.** Lessee agrees to make all sides of the pump jack suitable for the Lessor to plant shrubs and/or evergreens.

  
Signature of Lessor  
Rick Campbell

  
Signature of Lessor Monica M. Tomlinson

2/6/11  
Date